

Message from the Chairman

Governor Carnahan & Members of the General Assembly:

It is my pleasure to present the Missouri Gaming Commission's annual report for fiscal year 2000. I submit the report to comply with Section 313.837, RSMo. On behalf of the Commission I thank you for responding to the Commission request to consolidate the two statutory sections requiring an annual report. By adopting Senate Bill 902 last session, you were able to eliminate a redundant statute and save the Commission time and the state, money.

The report contains an account of the Commission's activities over the past year including a summary of the status of each licensed gaming facility; a report of gaming tax and admission fee collections; an analysis of the impact of continuous boarding; an update on the Commission's programs for problem gambling; and a report on the status of charity gaming.

In addition, the report contains a short section fulfilling the Commission's statutory mandate to report on the effect of the tax rate and the loss limit on the competitiveness of the industry. The Commission has received no new data that would change the information it provided to you in previous years and, therefore, this section is abbreviated this year to avoid redundancy.

I am pleased to report that the Commission's decision to allow continuous boarding has been a good one. There is no evidence of the adverse impacts predicted by the few opponents of this rule change. Conversely, the Commission's analysis showing that the boarding restriction inhibited enforcement of important regulatory concerns has proven accurate. By creating an artificial bottleneck of patrons, the boarding restriction inhibited the enforcement of the loss limit, detection of minors, intoxicated

patrons and problem gamblers. With a more even flow of patrons, casino workers and gaming agents are able to perform their jobs more effectively.

Two important events that consumed much of the Commission's time and resources last year were the investigation in the activities of St. Louis attorney Michael Lazaroff and his contacts with former chairman Robert Wolfson and consideration of whether the St. Louis metro area could support another casino. Each of these situations was the subject of intense public scrutiny and controversy. Both highlight the difficulty of the task assigned to the Commission by the General Assembly to implement the people's will to have riverboat gambling.

The Commission and its staff have placed the highest emphasis on



Rest assured that the Commission is serious about demanding that its members maintain the highest standards of integrity. We welcome the opportunity to work with you to amend the gaming statute to enact criminal penalties for Commissioners and staff who violate ethics restrictions. The new provisions should also include strict penalties for applicants, licensees and their representatives who attempt to improperly influence the Commission.

establishing strict rules and expecting its members and employees to avoid even the appearance of impropriety. When evidence emerges that one of the Commission's own members has violated the public trust it affects us all. While the Commission found the results of the investigation to be painful, it knows the only way to address such problems is take them head-on in a public forum for all to see.

At the time of this writing this investigation is continuing and, therefore, you will see little commentary about it in this report. However, rest assured that the Commission is serious about demanding that its members maintain the highest standards of integrity. We welcome the opportunity to work with you to amend the gaming statute to enact criminal penalties for Commissioners and staff who violate ethics restrictions. The new provisions should also include strict penalties for applicants, licensees and their representatives who attempt to improperly influence the Commission.

The Commission also concluded its 18-month analysis of the St. Louis metro market, concluding that the southern region of the market could support another casino. The Commission selected the Isle of Capri proposal in Jefferson County as a priority for investigation. This was by far the most intensive, thorough and complete selection process ever undertaken by the Commission.

Over the 18-month period staff met with any individual or group that requested a meeting. The Commission personally heard from anyone expressing a desire to speak and no one was denied the opportunity to appear. The staff utilized the existing casino's own customer database, to analyze the market.

Some have since questioned the Commission's process. They have done so without factual basis or hard evidence. The Commission responded by inviting the U.S. Attorney and the Attorney General to investigate the process. We are confident that any such investigation will result in a finding that the Commission's analysis was a straight

deal, free from improper influence.

On behalf of the Commission and its staff, I thank you for the opportunity to present this report. I hope you find it useful. The Commission and its staff look forward to working with you in the upcoming legislative session.

Sincerely,



L.G. Ullery
Chairman